FINANCIAL TRENDS IN FEDERALLY INSURED CREDIT UNIONS

January 1 – December 31, 2009

HIGHLIGHTS

This report summarizes the trends of all federally insured credit unions that reported as of December 31, 2009. Change is measured from December 31, 2008.[1]

Number of Credit Unions Reporting		
	Federal CUs	State CUs
2004	5,572	3,442
2005	5,393	3,302
2006	5,189	3,173
2007	5,036	3,065
2008	4,847	2,959
2009	4,714	2,840

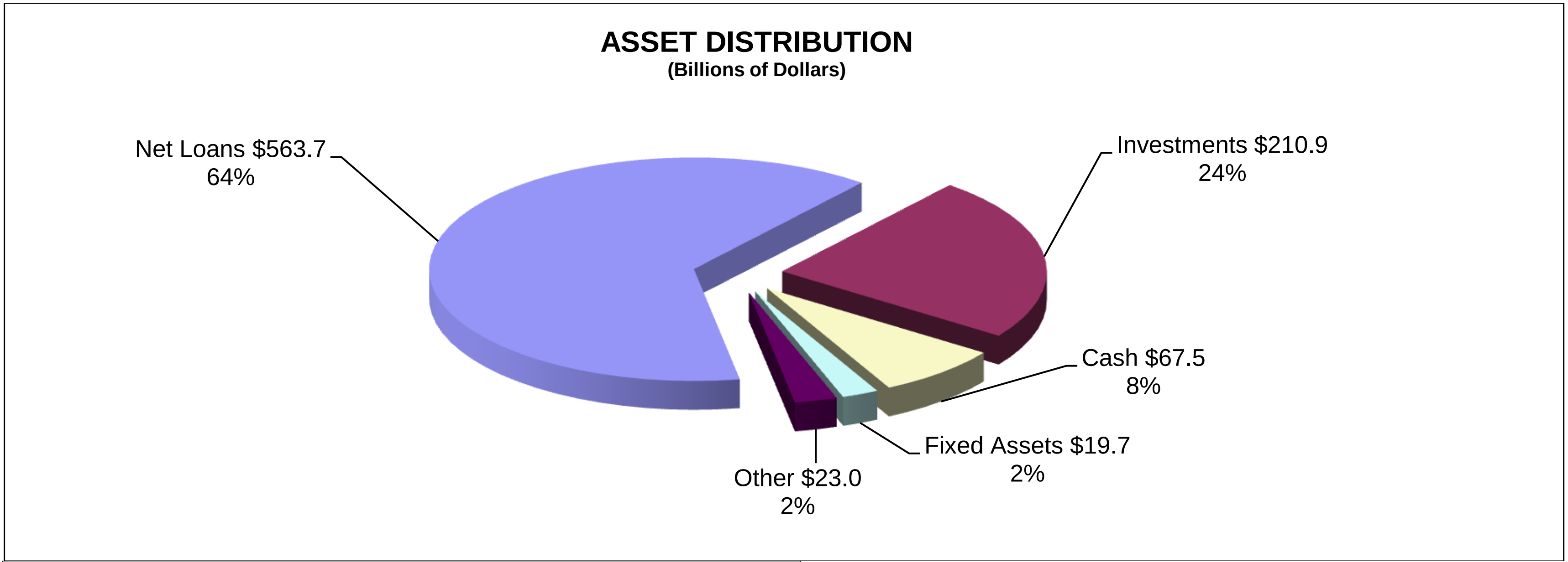
- **Assets** increased $73.64 billion or 9.08% to $884.76 billion.
- **Net Worth** increased $1.60 billion or 1.86%. The net worth to assets ratio decreased from 10.61% to 9.91%.
- **Earnings** as measured by the return on average assets was 0.20%.[2]
- **Loans** increased $6.44 billion or 1.14%. The loan to share ratio decreased from 83.10% to 76.05%.
- **Delinquent** loans as a percentage of total loans increased from 1.38% to 1.82%. Delinquent real estate loans as a percentage of total real estate loans increased from 1.20% to 1.95%.
- **Net Loan Charge-Offs** increased $2.26 billion or 48.77%. The ratio as a percent of average loans increased from 0.85% to 1.21%.
- **Shares** increased $71.54 billion or 10.50%. The majority of the growth in share dollars came from money market and regular shares.
- **Current members** increased by 1.34 million or 1.52%.

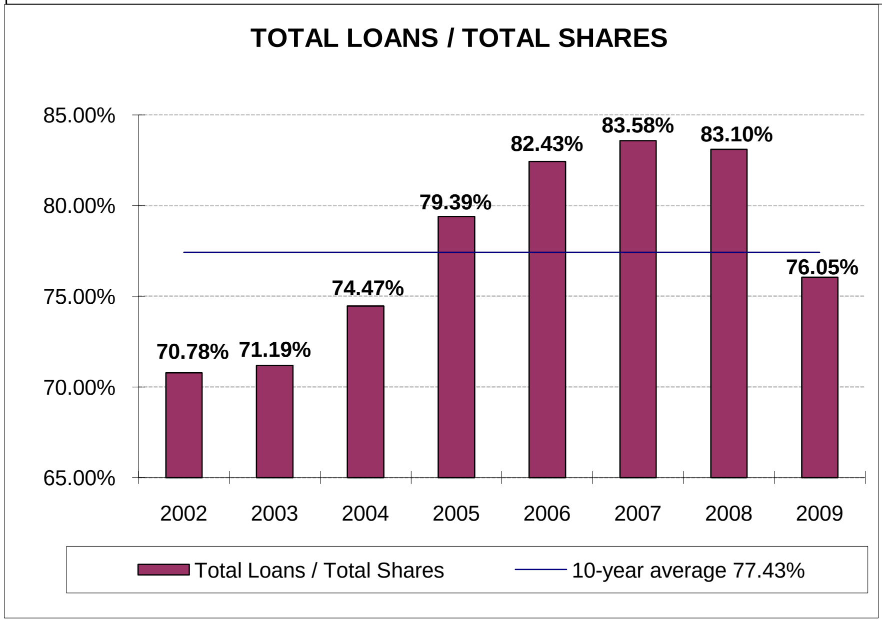
Federally insured credit unions performed modestly in 2009 as credit quality continues to be cause for concern. The delinquent loan and loan loss ratios increased 44 and 36 basis points respectively, while the provision for loan and lease losses expense ratio exceeds one percent of average assets. Real estate loans remain the dominant loan category in credit unions, highlighting the need for continued vigilance in underwriting and sound asset-liability management practices.

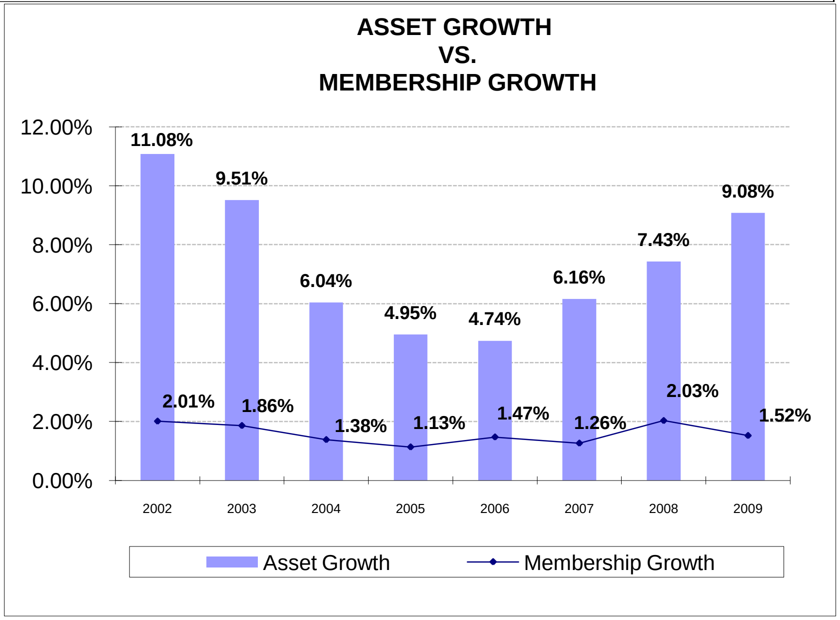
Total Shares and Deposits (In Billions)	2008	2009	%Change
Insured Shares & Deposits ($250,000 level)	$658.92	$724.80	10.00%
Uninsured Shares & Deposits ($250,000 level)	$22.21	$27.87	25.48%

[1] The financial results for prior periods may reflect changes when compared to the prior period trend letters due to subsequent call report modifications.
[2] The Return on Average Assets ratio is annualized net income divided by average assets for the period and includes the NCUSIF Stabilization Expense and NCUSIF Stabilization Pass-Back Income.

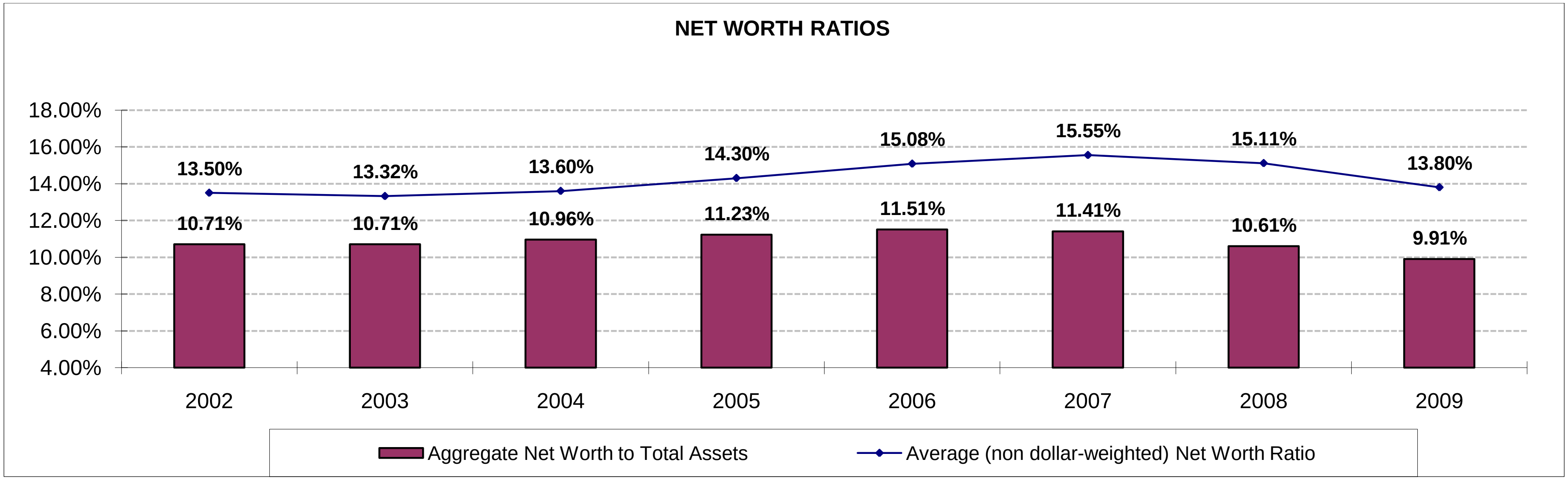
OVERALL TRENDS







NET WORTH

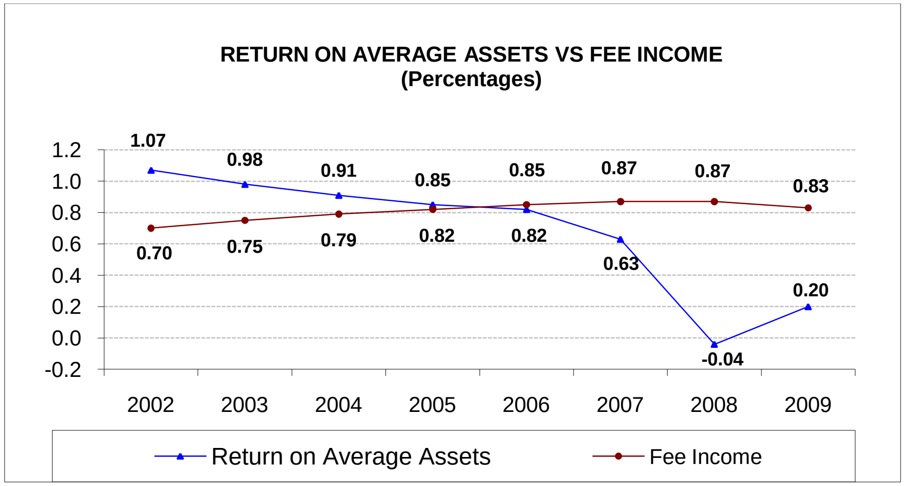


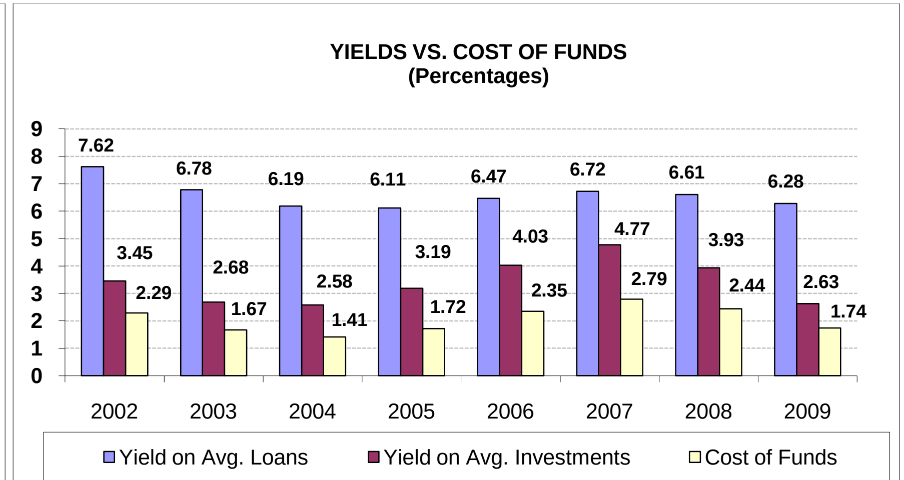
	December 2008 In Billions	**December 2009** In Billions	**% Change**
Total Net Worth	$86.13	$87.73	1.86%
Secondary Capital	$.032	$.079	143.95%

NET WORTH RATIOS				
Number of Credit Unions	**December 2008**	**% of Total**	**December 2009**	**% of Total**
7% or above	7,649	98.00%	7,160	94.79%
Net Worth Ratios				
6% to 6.99%	83	1.06%	217	2.87%
4% to 5.99%	48	0.61%	129	1.71%
2% to 3.99%	8	0.10%	32	0.42%
0% t0 2.00%	15	0.19%	7	0.09%
Less than 0%	3	0.04%	9	0.12%

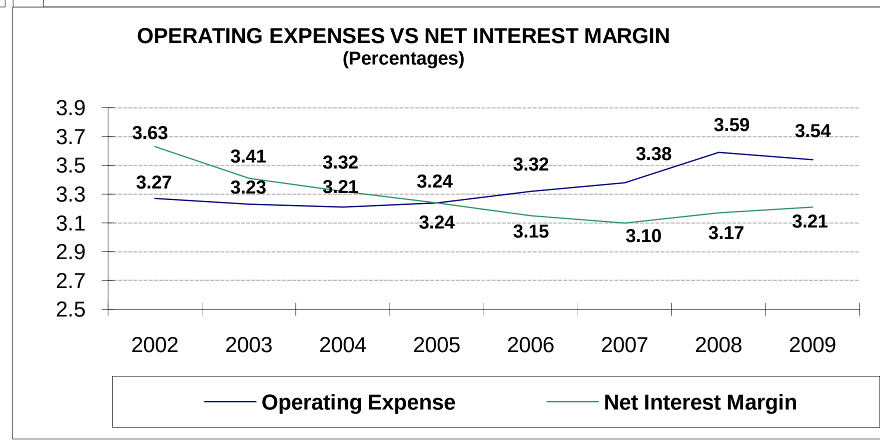
Net worth remains solid and the total dollars increased $1.60 billion or 1.86% during 2009. The net worth ratio declined to 9.91% as a result of the strong share growth during the same time period. The number of credit unions subject to Prompt Corrective Action, as a percentage of total credit unions, increased from 2.00% as of December 31, 2008 to 5.22% as of December 31, 2009, indicating increased stress on individual credit unions from the current economic environment.

EARNINGS





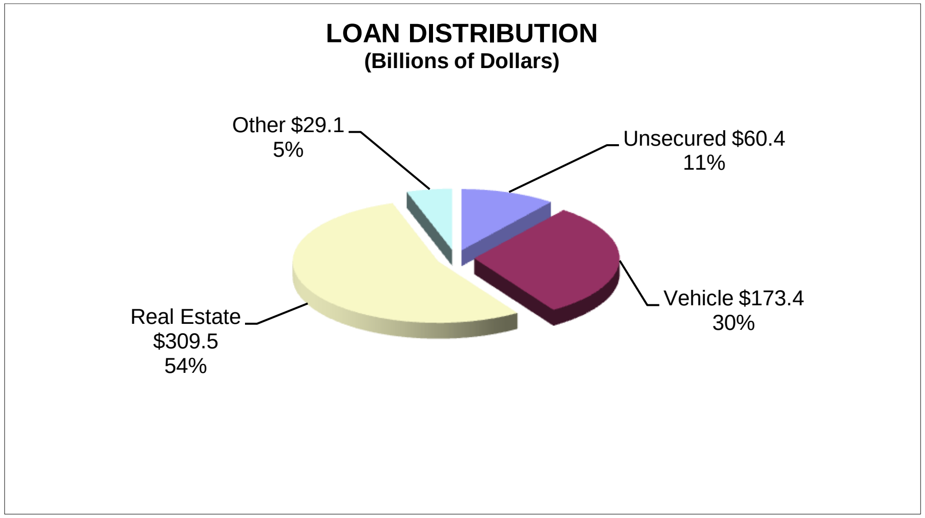
Ratio (% Average Assets)	As of 2008	As of 2009	Effect on ROA
Net Interest Margin	3.17%	3.21%	+4bp
+ Fee & Other Inc.	1.34%	1.36%	+2bp
- Operating Expenses	3.59%	3.54%	+5bp
- PLLL	0.90%	1.11%	-21bp
+ Non-Opr. Income	-0.06%	0.28%**	+34bp
= ROA	-0.04%	0.20%*	+24bp

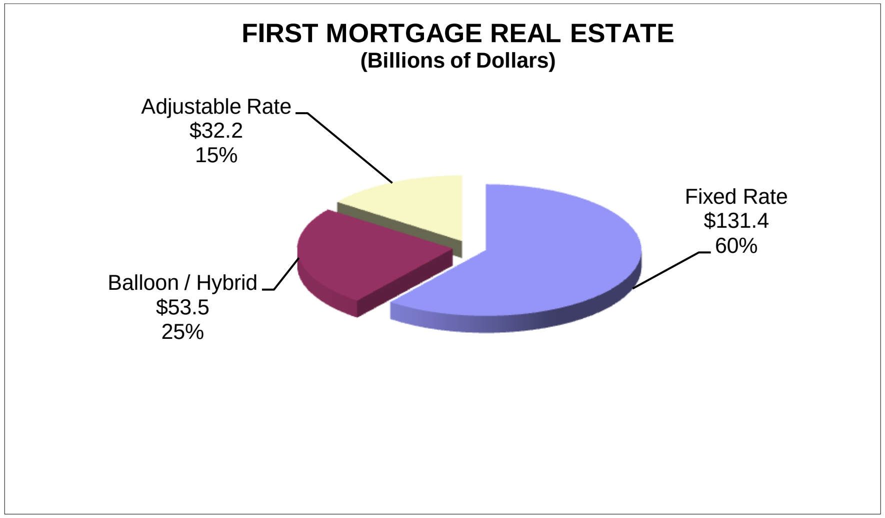


*ROA in an annualized figure after NCUSIF Stabilization Expense and Stabilization Pass-Back Income.
**Includes NCUSIF Stabilization Pass-Back Income.

The reported December 31, 2008 and December 31, 2009 earnings ratios contain data irregularities due to the inconsistent recording of the corporate stabilization expense and recovery pass-back income by credit unions. Based on the reported information, the low level of earnings is primarily impacted by the increasing Provision for Loan & Lease Loss expense. Current earnings are covering the cost of operations and assisting in increasing the dollars of net worth in credit unions but are not sufficient to increase the net worth ratio. Non-Operating Income increased 28 basis points due to credit unions recording NCUSIF Stabilization Pass-Back Income, which offsets the impact of the NCUSIF Stabilization Expense.

LOAN DISTRIBUTION

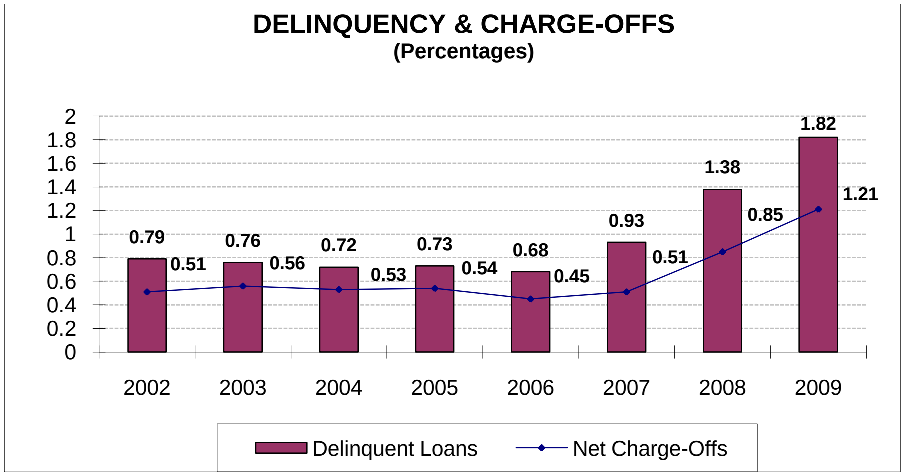


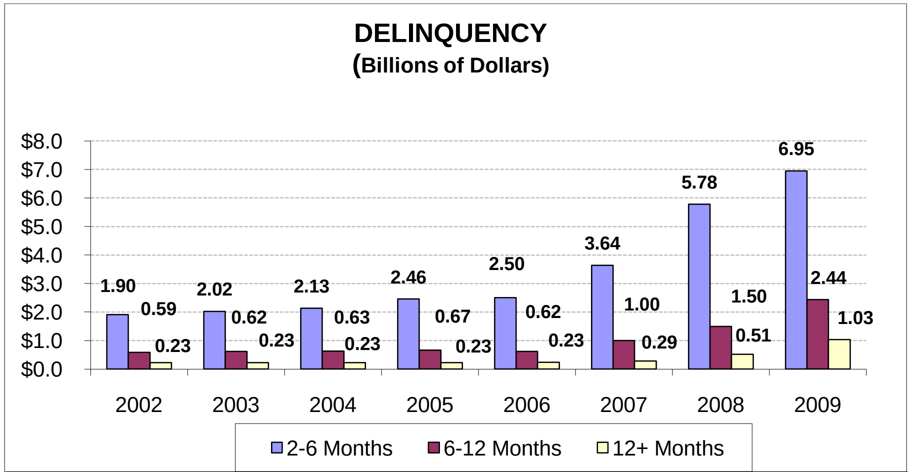


Loan Category	December 2008 Balance In Billions	% of Total Loans 2008	December 2009 Balance In Billions	% of Total Loans 2009	Growth In Billions	Growth Rate
Unsecured Credit Card	$32.72	5.78%	$34.86	6.09%	$2.15	6.56%
All Other Unsecured	$25.35	4.48%	$25.55	4.46%	$0.21	0.81%
New Vehicle	$81.53	14.40%	$75.27	13.15%	-$6.26	-7.68%
Used Vehicle	$94.28	16.66%	$98.13	17.14%	$3.85	4.09%
First Mortgage Real Estate	$207.96	36.74%	$217.10	37.93%	$9.13	4.39%
Other Real Estate	$96.55	17.06%	$92.42	16.15%	-$4.13	-4.27%
Leases Rec & All Other	$27.61	4.88%	$29.11	5.08%	$1.49	5.41%
Total Loans	**$566.00**		**$572.44**		**$6.44**	**1.14%**

Loans grew by $6.44 billion during 2009; however, stronger share growth resulted in the loan to share ratio falling from 83.10% to 76.05%, the lowest level since 2004. Loan growth continues to be fueled by first mortgage real estate. Real estate loans comprise the largest portion of total loans at 54.07%, followed by vehicle loans at 30.29%. During 2009, fixed rate first mortgages increased $8.65 billion (7.05%), adjustable rate first mortgages increased $1.13 billion (3.63%), and balloon/hybrid first mortgages decreased $0.64 billion (-1.18%). Credit unions reported Interest Only & Payment Option loans of $7.02 billion, or 3.23% of total first mortgage loans, and $12.89 billion, or 13.95% of other real estate loans.

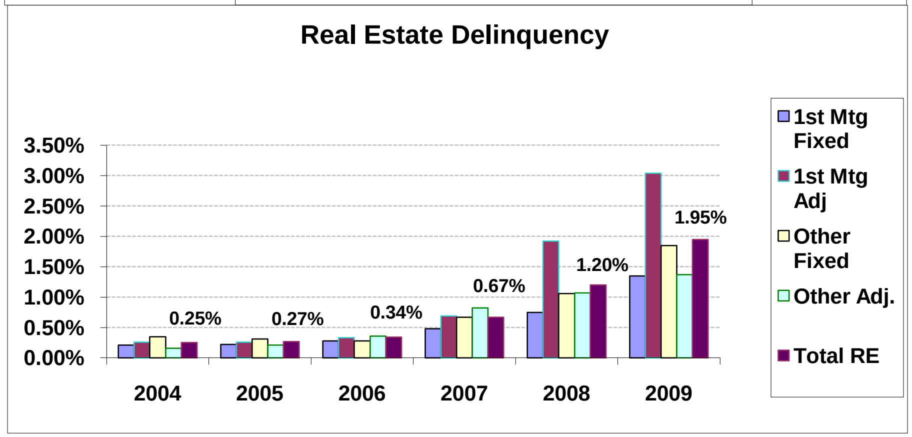
DELINQUENCY TRENDS





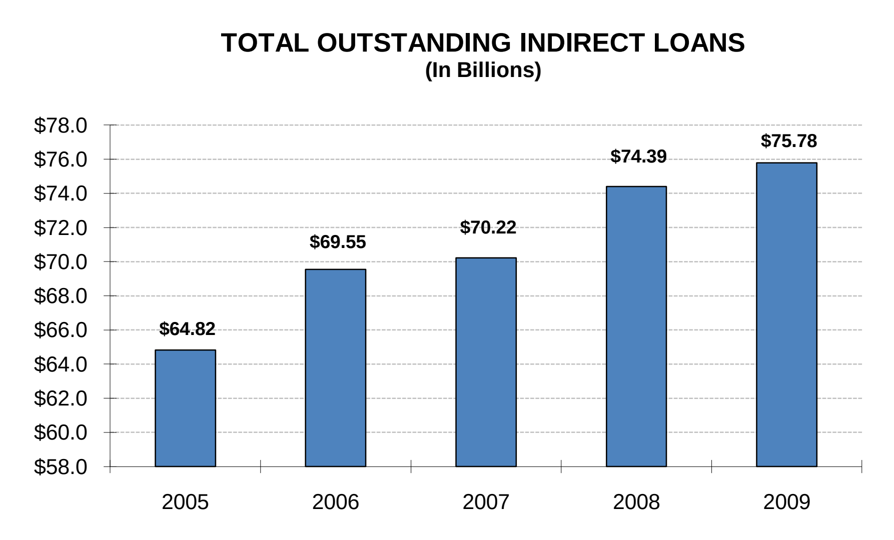
Total Loan Charge-Offs and Recoveries and Outstanding Foreclosed Real Estate	December 2008 In Billions	December 2009 In Billions	% Change
Total Loans Charged Off	$5.22	$7.61	45.74%
Total Loan Recoveries	$0.59	$0.72	21.94%
Total Net Charge-Offs	$4.63	$6.89	48.77%
Foreclosed Real Estate	$0.69	$1.17	70.55%
Repossessed Autos	$0.31	$0.30	-3.13%

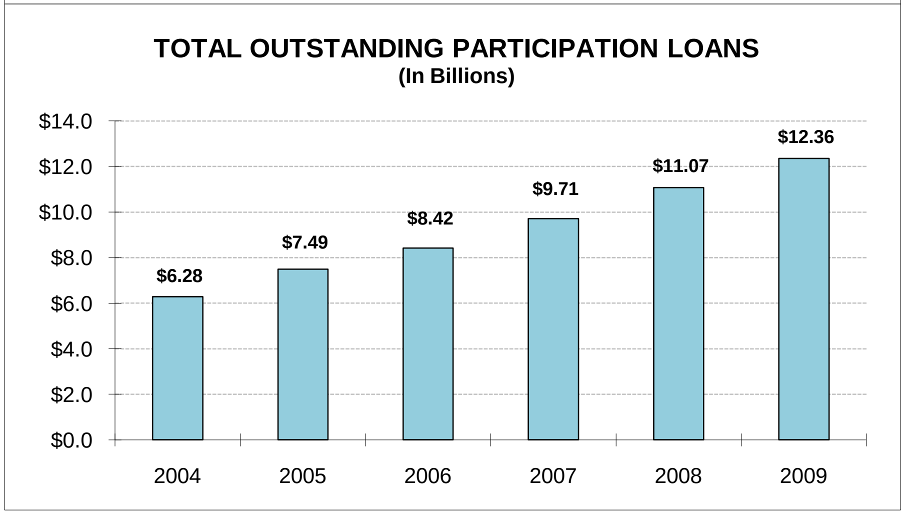
*Annualized

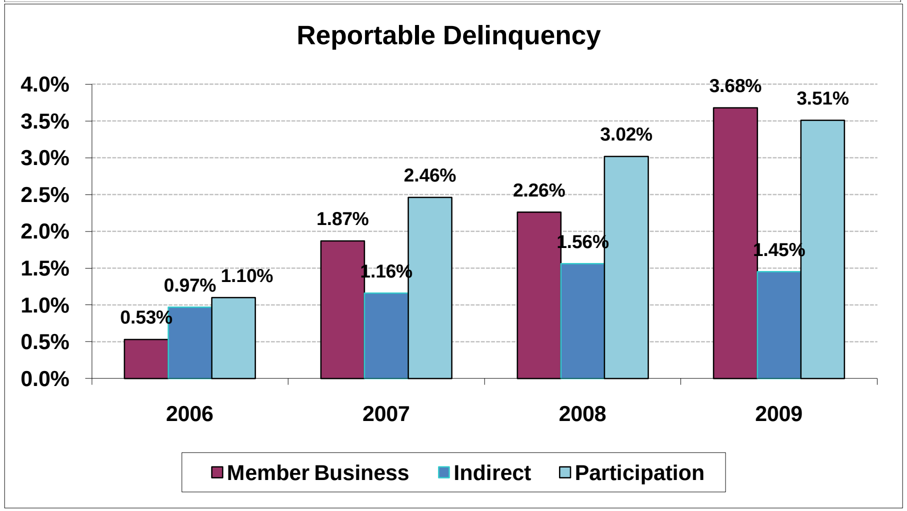


The quality of the loan portfolio continued to deteriorate as delinquency increased 44 basis points from 1.38% to 1.82% and the net charge-off ratio increased 36 basis points from 0.85% to 1.21%. There are continued signs of stress in the performance of real estate loans, and the increasing real estate delinquency and loan losses continue to impact the performance of the overall loan portfolio. Total delinquent real estate loans greater than 2 months increased from 1.20% at year-end 2008 to 1.95% at year-end 2009. All real estate delinquency categories increased with the largest being in 1st Mortgage Adjustable Rate and Hybrid/Balloon loans, which increased from 1.92% as of year-end 2008 to 3.04% as of year-end 2009. Total real estate loans reported as modified increased from $1.49 billion as of year-end 2008 to $6.03 billion as of year-end 2009.

OTHER LOAN AND DELINQUENCY TRENDS

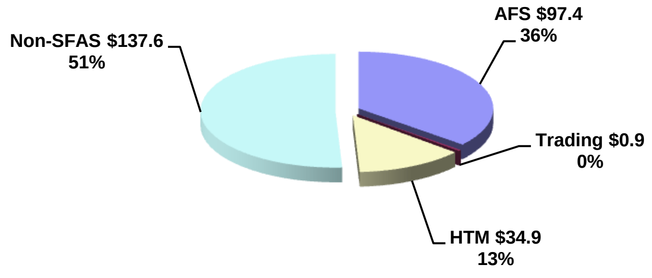




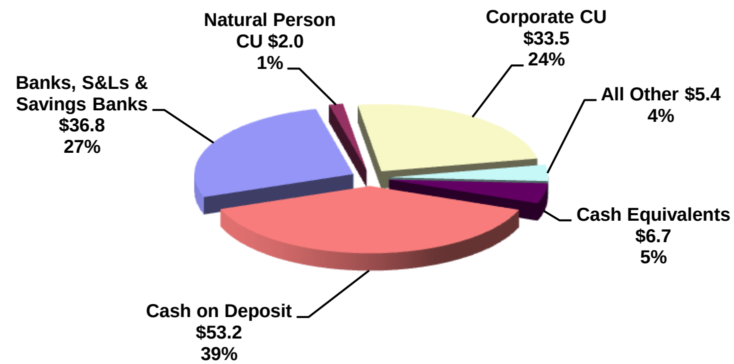


INVESTMENT TRENDS

SFAS 115 INVESTMENT CLASSIFICATION
(Billions of Dollars)



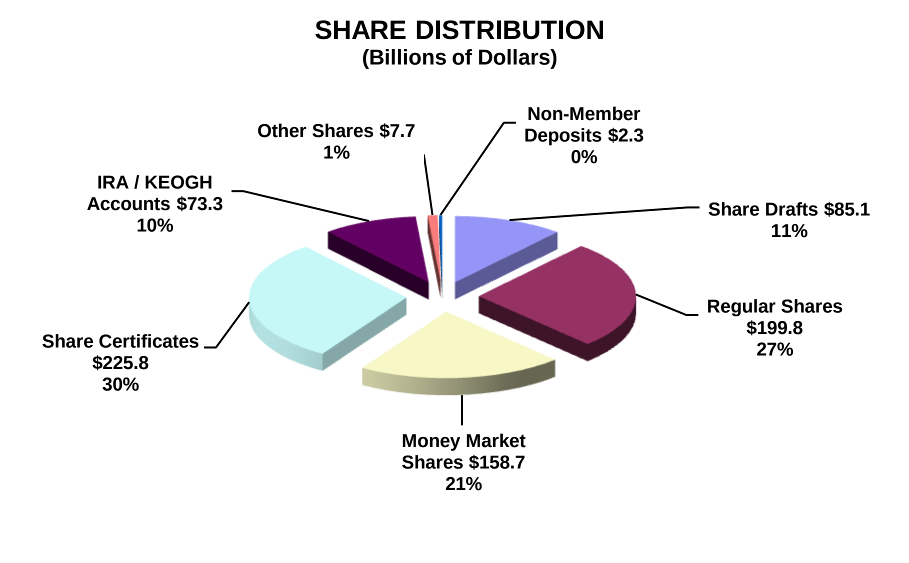
TOTAL NON-SFAS 115 INVESTMENT DISTRIBUTION
(Billions of Dollars)

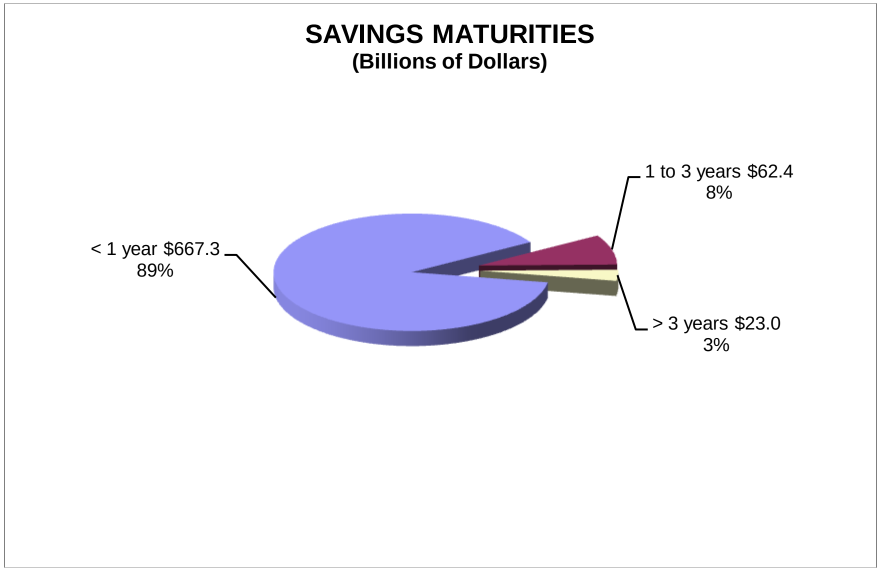


Investment Maturity or Repricing Intervals	December 2008 In Billions	% of Total Investments 2008	December 2009 In Billions	% of Total Investments 2009
Less than 1 year	$111.18	53.87%	$141.22	52.14%
1 to 3 years	$57.55	27.88%	$79.41	29.32%
3 to 5 years	$25.11	12.17%	$32.73	12.09%
5 to 10 years	$9.24	4.48%	$13.02	4.81%
Greater than 10 years	$3.32	1.60%	$4.45	1.64%
Total Investments	$206.40		$270.83	

Strong share growth outpaced loan demand and increased the funds available for investment in 2009. The maturity structure of the investment portfolio remains very short, resulting in a low interest rate risk profile for this portion of the balance sheet. Credit unions maintain their investments in high quality, safe instruments. Over 50% of investments are in cash or equivalents, deposits in corporate credit unions, and deposits in other financial institutions. These provide liquidity and are generally not vulnerable to changing market values. Of the remaining investments, which are subject to SFAS 115 classification, 85.80% are held in U.S. Government or Federal Agency Securities.

SHARE TRENDS

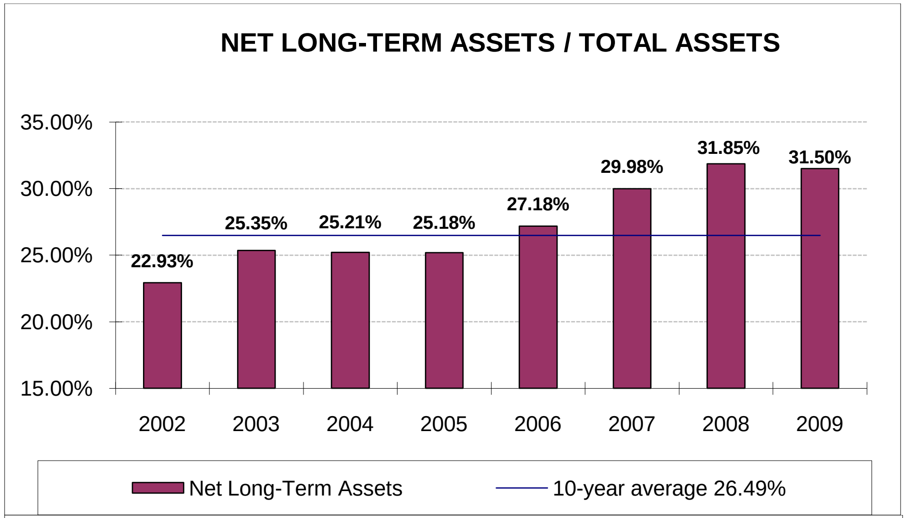


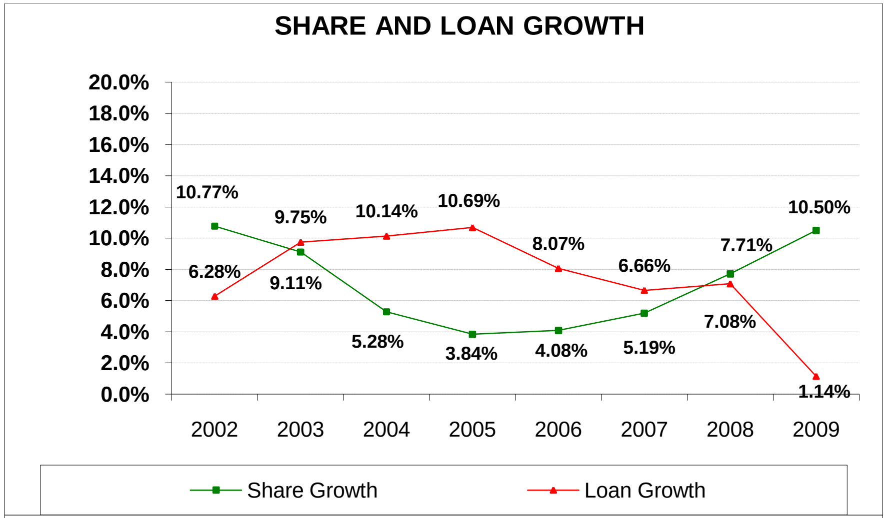


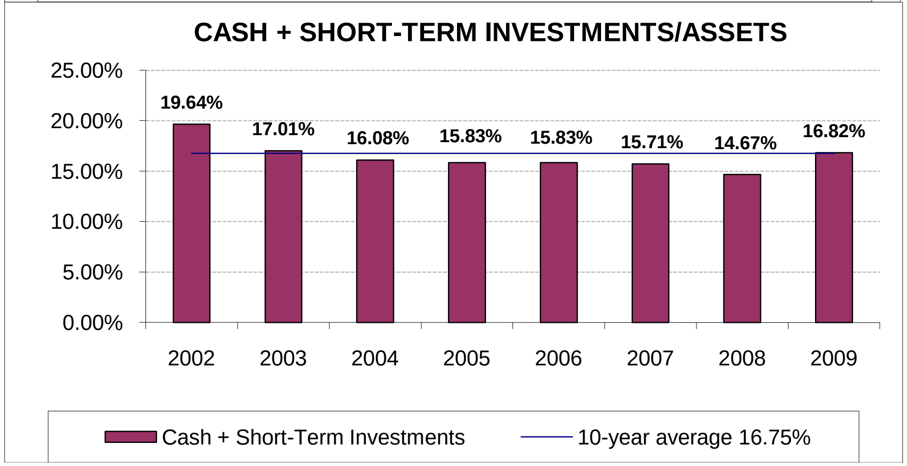
Share Category	December 2008 Balance In Billions	% of Total Shares 2008	December 2009 Balance In Billions	% of Total Shares 2009	Growth In Billions	Growth Rate
Share Drafts	$73.63	10.81%	$85.09	11.31%	$11.46	15.56%
Regular Shares	$178.71	26.24%	$199.77	26.54%	$21.07	11.79%
Money Market Shares	$128.50	18.87%	$158.66	21.08%	$30.16	23.47%
Share Certificates	$226.23	33.21%	$225.79	30.00%	-$0.44	-0.19%
IRA / KEOGH Accounts	$64.68	9.50%	$73.39	9.75%	$8.70	13.46%
All Other Shares	$6.77	0.99%	$7.71	1.02%	$0.94	13.82%
Non-Member Deposits	$2.61	0.38%	$2.26	0.30%	-$0.35	-13.41%
Total Shares	**$681.13**		**$752.67**		**$71.54**	**10.50%**

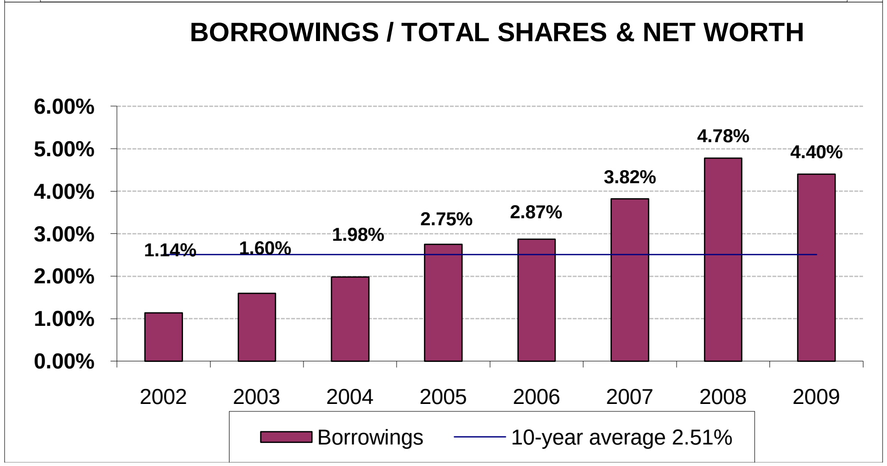
Total shares grew 10.50% or $71.54 billion in 2009. The shift toward rate-sensitive shares continued in 2009 with strong growth in money market shares and IRA/KEOGH accounts. At the same time, regular share growth of 11.79% and share draft growth of 15.56% reflect membership growth trends and continued member loyalty. Share certificates remained the largest category since first exceeding regular shares in 2006.

ASSET LIABILITY MANAGEMENT TRENDS









Credit unions hold adequate levels of liquidity; however, in a rising interest rate environment the potential for increasing interest rate and liquidity risk exists. The increase in cash and short-term investments during 2009 is due to the strong share growth outpacing loan growth. The net long-term asset ratio of 31.50% presents potential interest rate risk exposure, particularly since the majority of the funding for the growth in long-term loans is coming from rate sensitive shares. Credit unions with higher levels of liquidity risk or interest rate risk must maintain diligent risk management procedures.

SUMMARY OF TRENDS BY ASSET GROUP

	Asset Group Under $10 million	**Asset Group** $10 million to $100 million	**Asset Group** $100 million to $500 million	**Asset Group** Over $500 million
# of Credit Unions	2,994	3,195	1,010	355
Total Assets	$11.55 billion	$112.97 billion	$221.57 billion	$538.67 billion
Average Assets	$3.86 million	$35.36 million	$219.37 million	$1.52 billion
Net Worth/Total Assets	15.25%	11.78%	10.12%	9.32%
Average Net Worth (non dollar-weighted)	16.97%	12.42%	10.14%	9.39%
Net Worth Growth*	-3.23%	-1.03%	0.86%	4.68%
Return on Average Assets (ROA)	-0.44%	-0.15%	0.05%	0.35%
Net Interest Margin/Average Assets	3.67%	3.45%	3.33%	3.10%
Fee & Other Income/Average Assets	0.69%	1.18%	1.50%	1.35%
Operating Expense/Average Assets	4.40%	4.27%	4.06%	3.14%
Members / Full-Time Employees	402.05	395.05	349.15	396.84
Provision for LLL/Average Assets	0.51%	0.65%	0.93%	1.30%
Loans/Shares	62.25%	66.39%	73.82%	79.38%
Delinquent Loans/Total Loans	2.77%	1.74%	1.76%	1.84%
% of Real Estate Lns Delinquent > 2 Mths	2.01%	1.71%	1.87%	2.01%
Net Charge-Offs/Average Loans	0.89%	0.85%	1.04%	1.35%
Share Growth*	7.55%	11.15%	11.87%	11.65%
Loan Growth*	-0.38%	3.10%	2.90%	1.62%
Asset Growth*	5.78%	9.89%	10.88%	9.98%
Membership Growth*	-1.10%	0.05%	1.80%	4.62%
Net Long-Term Assets/Total Assets	8.32%	22.52%	30.93%	34.12%
Cash + Short-Term Invest./Assets	33.77%	23.39%	17.74%	14.69%
Borrowings/Shares & Net Worth	0.24%	1.12%	2.95%	5.83%

***Note: The growth trends are based on the same FICUs reporting 12/31/08 and 12/31/09 using assets as of 12/31/09.**

A distinct difference exists in the performance among the different asset groups. Net worth ratios are solid among all asset groups with the largest percentages being reported in the under $10 million category. The highest membership growth, loan to share ratio, net long-term assets, and net charge-off ratio is noted in the over $500 million asset group.